

COUNTY OF SAN BERNARDINO
CALIFORNIA
SPECIAL DISTRICTS
AUDIT REPORT
LAKE ARROWHEAD FIRE PROTECTION DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Prepared by:

Internal Audits Section
Office of the Auditor/Controller-Recorder
June 30, 2008

**County of San Bernardino Special Districts
Lake Arrowhead Fire Protection District
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AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



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LARRY WALKER
Auditor/Controller-Recorder
County Clerk

ELIZABETH A. STARBUCK, CGFM
Assistant Auditor/Controller-Recorder
Assistant County Clerk

Independent Auditor's Report

June 30, 2008

Pat A. Dennen, Fire Chief/Fire Warden
County Fire Department
157 West Fifth Street, Second Floor
San Bernardino, CA 92415-0450

**SUBJECT: AUDIT OF LAKE ARROWHEAD FIRE PROTECTION DISTRICT FOR THE
FISCAL YEAR ENDED JUNE 30, 2007**

Introductory Remarks

In compliance with Section 26909 of the California Government Code, we have completed an audit of Lake Arrowhead Fire Protection District for the fiscal year ended June 30, 2007.

Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the remaining aggregate fund information of the County of San Bernardino Special District's Lake Arrowhead Fire Protection District (District), a component unit of the County of San Bernardino, California, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial

statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the remaining aggregate fund information of the District, as of June 30, 2007, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and the state regulations governing Special Districts.

The accompanying budgetary comparison information on page 28 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Respectfully submitted,

Larry Walker
Auditor/Controller-Recorder

By: Howard M. Ochi, CPA
Chief Deputy Auditor

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**County of San Bernardino
Lake Arrowhead Fire Protection District
Statement of Net Assets
June 30, 2007**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 929,071	\$ 34,257	\$ 963,328
Accounts receivable, net	-	143,793	143,793
Interest receivable	9,503	1,262	10,765
Taxes receivable	635,561	-	635,561
Prepaid items	43,798	-	43,798
Due from other governments	1,633,437	-	1,633,437
Capital assets, net of depreciation	8,016,533	-	8,016,533
Total assets	<u>\$ 11,267,903</u>	<u>\$ 179,312</u>	<u>\$ 11,447,215</u>
LIABILITIES			
Accounts payable	\$ 29,717	\$ -	\$ 29,717
Salaries and benefits payable	12,856	-	12,856
Due to other governments	610,527	128	610,655
Compensated absences payable	5,461	-	5,461
Total liabilities	<u>658,561</u>	<u>128</u>	<u>658,689</u>
NET ASSETS			
Invested in capital assets	8,016,533	-	8,016,533
Unrestricted	2,592,809	179,184	2,771,993
Total net assets	<u>10,609,342</u>	<u>179,184</u>	<u>10,788,526</u>
Total liabilities and net assets	<u>\$ 11,267,903</u>	<u>\$ 179,312</u>	<u>\$ 11,447,215</u>

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino
Lake Arrowhead Fire Protection District
Statement of Activities
For the Fiscal Year Ended June 30, 2007**

	Governmental Activities	Business-type Activities	Total
EXPENSES			
Salaries and benefits	\$ 313,678	\$ -	\$ 313,678
Services and supplies	1,040,680	17,013	1,057,693
Depreciation	265,848	18,575	284,423
Professional services	5,915,794	69,501	5,985,295
Loss on sale of capital asset	23,935	20,693	44,628
Other	3,614	-	3,614
Total program expenses	<u>7,563,549</u>	<u>125,782</u>	<u>7,689,331</u>
PROGRAM REVENUES			
Charges for services	285,709	521,080	806,789
Net program (expenses) revenues	<u>285,709</u>	<u>521,080</u>	<u>806,789</u>
Net program (expense) revenue	<u>(7,277,840)</u>	<u>395,298</u>	<u>(6,882,542)</u>
GENERAL REVENUES			
Property taxes	6,136,375	-	6,136,375
Other taxes	537,140	-	537,140
State aid - homeowners exemption	86,546	-	86,546
Federal assistance	-	-	-
Investment earnings	60,514	6,080	66,594
Gain on sale of capital asset	450	-	450
Capital contribution	120,546	-	120,546
Other	-	40	40
Transfers - Internal Activities	<u>432,000</u>	<u>(432,000)</u>	<u>-</u>
Total general revenues and transfers	<u>7,373,571</u>	<u>(425,880)</u>	<u>6,947,691</u>
Change in net assets	95,731	(30,582)	65,149
Net assets - beginning - restated	<u>10,513,611</u>	<u>209,766</u>	<u>10,723,377</u>
Net assets - ending	<u>\$ 10,609,342</u>	<u>\$ 179,184</u>	<u>\$ 10,788,526</u>

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino
Lake Arrowhead Fire Protection District
Balance Sheet
Governmental Funds
June 30, 2007**

	SPECIAL REVENUE FUND Fire (SRM)	TOTAL NONMAJOR GOVERNMENTAL FUNDS	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 907,135	\$ 21,936	\$ 929,071
Interest receivable	9,313	190	9,503
Taxes receivable	635,561	-	635,561
Prepaid Items	43,798	-	43,798
Due from other governments	1,633,437	-	1,633,437
Total assets	<u>\$ 3,229,244</u>	<u>\$ 22,126</u>	<u>\$ 3,251,370</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 29,717	\$ -	\$ 29,717
Salaries and benefits payable	12,856	-	12,856
Due to other governments	610,527	-	610,527
Total liabilities	<u>653,100</u>	<u>-</u>	<u>653,100</u>
Fund Balances:			
Reserved for:			
Encumbrances	206,667	-	206,667
Imprest Cash	500	-	500
Unreserved:			
Undesignated	2,368,977	22,126	2,391,103
Total Fund Balances	<u>2,576,144</u>	<u>22,126</u>	<u>2,598,270</u>
Total Liabilities and Fund Balances	<u>\$ 3,229,244</u>	<u>\$ 22,126</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,016,533
Compensated absences payable are not financial resources and, therefore, are not reported in the funds.	<u>(5,461)</u>
Net assets of Governmental Activities	<u>\$ 10,609,342</u>

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino
Lake Arrowhead Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007**

	SPECIAL REVENUE FUND Fire (SRM)	TOTAL NONMAJOR GOVERNMENTAL FUNDS	Total Governmental Funds
REVENUES			
Property taxes	\$ 6,130,009	\$ 6,366	\$ 6,136,375
Other taxes	537,140	-	537,140
State aid - homeowners exemption	86,546	-	86,546
Investment earnings	59,594	920	60,514
Service fees	285,709	-	285,709
	<hr/>	<hr/>	<hr/>
Total Revenues	7,098,998	7,286	7,106,284
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Salaries and benefits	315,874	-	315,874
Services and supplies	1,040,680	-	1,040,680
Professional services	5,915,794	-	5,915,794
Other	3,614	-	3,614
Capital outlay			
Vehicles	200,308	-	200,308
Equipment	63,834	-	63,834
	<hr/>	<hr/>	<hr/>
Total Expenditures	7,540,104	-	7,540,104
	<hr/>	<hr/>	<hr/>
Excess of revenues over (under)			
Expenditures	(441,106)	7,286	(433,820)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Gain on sale of capital asset	450	-	450
Transfers in	432,000	-	432,000
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	432,450	-	432,450
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(8,656)	7,286	(1,370)
	<hr/>	<hr/>	<hr/>
Fund Balances - beginning - restated	2,584,800	14,840	2,599,640
	<hr/>	<hr/>	<hr/>
Fund Balances - ending	\$ 2,576,144	\$ 22,126	\$ 2,598,270
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino
Lake Arrowhead Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Fiscal Year Ended June 30, 2007**

Net change in Fund Balances - Total Governmental Funds	\$	(1,370)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which depreciation expense (\$265,848) exceeded capital outlay (\$264,142) in the current period.		(1,706)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds		120,546
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Expenses in the statement of activities that do not require the use of the current financial resources and, therefore, are not reported as expenditures in the governmental funds		(23,935)
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Some expenditures (i.e. employee compensated absences decrease), reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		2,196
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Change in Net Assets of Governmental Activities	\$	95,731
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The accompanying notes are an integral part of these financial statements.

**County of San Bernardino
Lake Arrowhead Fire Protection District
Statement of Net Assets
Proprietary Funds
June 30, 2007**

	<u>Enterprise Fund</u> <u>Ambulance</u>
ASSETS	
Cash and cash equivalents	\$ 34,257
Accounts receivable, net	143,793
Interest receivable	<u>1,262</u>
Total Assets	<u>\$ 179,312</u>
LIABILITIES	
Due to other governments	<u>\$ 128</u>
Total Liabilities	<u>128</u>
NET ASSETS	
Unrestricted	<u>179,184</u>
Total liabilities and net assets	<u>\$ 179,312</u>

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino
Lake Arrowhead Fire Protection District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2007**

	<u>Enterprise Fund Ambulance</u>
OPERATING REVENUES	
Service fees	\$ 521,080
Total Operating Revenues	<u>521,080</u>
OPERATING EXPENSES	
Professional services	69,501
Services and supplies	17,013
Depreciation	<u>18,575</u>
Total Operating Expenses	<u>105,089</u>
Operating Income	<u>415,991</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	6,080
Loss on sale of capital asset	(20,693)
Other revenue	<u>40</u>
Total Nonoperating Revenues (Expenses)	<u>(14,573)</u>
Income (Loss) Before Transfers	401,418
TRANSFERS OUT	<u>(432,000)</u>
Change in Net Assets	(30,582)
Net Assets - beginning	<u>209,766</u>
Net Assets - ending	<u><u>\$ 179,184</u></u>

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino
Lake Arrowhead Fire Protection District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2007**

	<u>Enterprise Fund Ambulance</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers	\$ 550,000
Payments to suppliers	<u>(108,306)</u>
Net cash provided (used) by operating activities	<u>441,694</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers out	(432,000)
Other revenue	<u>40</u>
Net cash provided (used) by noncapital financing activities	<u>(431,960)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	<u>6,080</u>
Net cash provided by investing activities	<u>6,080</u>
Net increase (decrease) in cash and cash equivalents	15,814
Balance -- beginning of the year	<u>18,443</u>
Balance -- end of the year	<u>\$ 34,257</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 415,991
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	18,575
Change in assets and liabilities:	
Decrease in receivables, net	28,920
Decrease in due to other government	<u>(21,792)</u>
Net cash provided (used) by operating activities	<u>\$ 441,694</u>

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Lake Arrowhead Fire Protection District was established by an act of the Board of Supervisors of the County of San Bernardino (the County) on January 3, 1939 to provide fire protection and emergency medical services to the community of Lake Arrowhead.

The District is a component unit of the County of San Bernardino and is governed by the actions of the County Board of Supervisors.

The accompanying financial statements reflect only the accounts of the Lake Arrowhead Fire Protection District of the County of San Bernardino and are not intended to present the financial position of the County taken as a whole.

Because the District meets the reporting entity criteria established by the Government Accounting Standards Board (GASB), the District's financial statements have also been included in the Comprehensive Annual Financial Report of the County of San Bernardino as a "component unit" for the fiscal year ended June 30, 2007.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the reporting entity. For the most part, the effect of interfund activity has been eliminated from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Currently, the District does not have any fiduciary fund types. Major individual governmental funds are reported as separate columns in the fund financial statements.

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Measurement focus, basis of accounting, and financial statement presentation

The government-wide and the proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The government considers items available if received within 9 months of year end, for voluntary non-exchange transactions such as federal and state grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The government reports the following major governmental fund:

The *special revenue fund* labeled "Fire" is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary fund:

The *enterprise fund* labeled "Ambulance" accounts for the emergency transport activities of the District, a blended component unit of the County. The District operates the ambulance transportation services under the administration of the County Fire Department.

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's enterprise fund is charges to customers for ambulance transportation services. Operating expenses for enterprise funds include the cost of salaries and benefits, services and supplies, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Deposits and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All accounts receivable are shown net of an allowance for uncollectible when applicable. The account receivable balance of the Ambulance Enterprise Fund at June 30, 2007 net of an allowance for doubtful accounts of \$380,681.

Property taxes

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties after December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on the March 1 lien date and become delinquent with penalties after August 31.

Inventories and prepaid items

Inventories, if any, are valued at cost using the first-in/first-out method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of one year. Structures with an initial cost of \$100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	10 - 100
Structures and improvements	Up to 45
Equipment and vehicles	5 - 15

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Employee Compensated Absences

Accumulated vacation, holiday benefits, sick pay and compensatory time are recorded as an expense and liability as the benefits are earned. Compensated absence liabilities are recorded as a current liability. The District is not obligated to pay for unused sick leave if an employee terminates or retires.

Compensated absences activity for the year ended June 30, 2007 was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>\$7,657</u>	<u>\$17,413</u>	<u>\$19,609</u>	<u>\$5,461</u>

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Stewardship, compliance and accountability

A. Budgetary information

In accordance with provisions of Section 29000 - 29143 of the Government code of the State of California, commonly known as the County Budget Act, the District prepares and adopts a budget on or before August 30 for each fiscal year.

Budgets are prepared on the modified accrual basis of accounting. The legal level of budgetary control is the object level and the sub-object level for capital assets within each fund.

Amendments or transfers of appropriations between funds or departments must be approved by the Board. Transfers at the sub-object level or cost center level may be done at the discretion of the Special District's Administration Department head. Any deficiency of budgeted revenues and other financing resources over expenditures and other financing uses is financed by beginning available fund balances as provided for in the County Budget Act.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

NOTE 2: CASH AND INVESTMENTS

Cash and investments include the cash balances of substantially all funds which are pooled (the "pool") and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7 – like pool. The pool does not issue a separate report. Included also are cash and investments held by certain joint powers authorities and cash held by various trustee financial institutions in accordance with the California Government Code.

State law now requires that all operating monies of the County, school districts, and board-governed special districts be held by the County Treasurer. The net asset value associated with legally mandated participants in the asset pool was \$3.94 billion at June 30, 2007.

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 2: CASH AND INVESTMENTS - *Continued*

As of June 30, 2007, the fair value of the County Pool was \$3.96 billion. Approximately 9% of the County pool is attributable to the County General Fund, with the remainder of the balance comprised of other County funds, school districts and special districts. Additionally, as of June 30, 2007, \$27.3 million of the amounts deposited in the County pool was attributable to depositors who are not required to, but choose to, invest in the County pool. These include Independent special districts, State Trial Court, and other governmental agencies. The deposits held for both involuntary and voluntary entities are reported in Investment Trust Fund.

Investments authorized by debt agreement

Investment of debt proceeds held by bond trustees are governed by provisions of the trust agreements, created in connection with the issuance of debt rather than the general provisions of the California Government Code. Certificates of Participation and Revenue Bond indentures specify the types of securities in which proceeds may be invested as well as any related insurance, collateral, or minimum credit rating requirements. Although requirements may vary between debt issues, money market funds are all required to be investment grade. Guaranteed investment contracts are required to be acceptable to the municipal bond insurer. The fair value of investments is based on the valuation provided by trustee banks.

Investment credit risk

Investment credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. GASB Statement No. 40 requires the disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, and other pooled investments of fixed income securities.

California Law and San Bernardino County Treasury Pool Investment Policy (where more restrictive) place limitations on the purchase of investments in the County Pool. Purchases of commercial paper and negotiable certificates of deposit are restricted to the top two ratings issued by a minimum of two of three nationally recognized statistical rating organizations (NRSRO's). For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), or F-1 (Fitch) while an issuer of long-term corporate debt must have a minimum letter rating of "AA". Federal Agency notes and bonds, municipal notes and bonds, and money market mutual funds must have a minimum letter rating of "AAA". Limits are also placed on the maximum percentage investment by sector and by individual issuer (see schedule on page 20). As of June 30, 2007, all investments held by the County Pool were within policy limits.

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 2: CASH AND INVESTMENTS - *Continued*

Concentration of credit risk

An increased risk of loss occurs as more investments are acquired from one issuer (i.e. lack of diversification). This results in a concentration of credit risk.

GASB Statement No. 40 requires disclosure of investments by amount and issuer that represent five-percent or more of total investments held. This requirement excludes investments issued or explicitly guaranteed by the United States Government, investments in mutual funds, external investment pools, and other pooled investments. As of June 30, 2007, the following issuers represented more than five-percent of the County Pool balance (amounts in thousands):

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
FHLB	\$ 886,893	22.52%
FNMA	\$ 612,422	15.55%
FFCB	\$ 393,736	10.00%
FHLMC	\$ 347,172	8.81%

Interest rate risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Generally, the longer the maturity of an investment, the greater the interest rate risk associated with that investment.

GASB Statement No. 40 requires that interest rate risk be disclosed using a minimum of one of five approved methods which are: segmented time distribution, specific identification, weighted average maturity, duration, and simulated model.

The County manages its exposure to interest rate risk by carefully matching cash flows and maturing positions to meet expenditures, limiting 40% of the County Pool to maturities of one year or less, and by maintaining an overall effective duration of 1.5 years or less. Duration is a measure of a fixed income's cash flow using present values, weighted for cash flows as a percentage of the investments full price. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds.

California Law and where more restrictive, the San Bernardino County Pool Investment Policy, place limitations on the maximum maturity of investments to be purchased by sector (see schedule, amounts in thousands). As of June 30, 2007, all investments held by the County Pool were within policy limits.

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 2: CASH AND INVESTMENTS - Continued

Security Type	Fair Value	Maturity Range (Days)	Maturity Limits	Average Maturity	Effective Duration
Certificates of Deposit	\$ 749,492	6 - 347	365 days	164	0.43
Commercial Paper	\$ 696,004	2 - 101	270 days	19	0.05
Corporate Notes	\$ 9,392	490	18 months	490	1.26
Federal Agencies	\$ 2,240,223	11 - 1059	5 years	472	1.13
Money Market Funds	\$ 25,000	1	Imm. Liq.	1	0.003
Repurchase Agreements	\$ 100,001	2	180 days	2	0.005
U.S. Treasuries	\$ 144,384	46 - 777	5 years	231	0.61
Total Securities	\$3,964,496			311	0.75

Custodial credit risk

Custodial Credit Risk for Deposits exists when, in the event of a depository financial institution failure, a government may be unable to recover deposits or recover collateral securities that are in the possession of an outside party.

GASB Statement No. 40 requires the disclosure of deposits into a financial institution that are not covered by FDIC depository insurance and are uncollateralized.

California Law requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2007, the carrying amount of the County's deposits was \$58.1 million and the corresponding bank balance was \$69.6 million. The difference of \$11.5 million was primarily due to outstanding warrants, wires and deposits in transit. Of the bank balance, \$200,000 was insured by the FDIC depository insurance and \$69.4 million was uncollateralized and not insured by FDIC depository insurance.

Custodial Credit Risk for investments exists when, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. In order to limit Custodial Credit Risk for Investments, San Bernardino County Pool Investment Policy requires that all investments and investment collateral be transacted on a delivery versus payment basis with a third-party custodian and registered in the County's name.

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 2: CASH AND INVESTMENTS - Continued

All counterparties to repurchase agreements must sign a PSA Master Repurchase Agreement and/or Tri-Party Repurchase Agreement before engaging in repurchase agreement transactions. A summary of the investments held by the County Treasurer is as follows (amounts in thousands):

Investment Type	Cost	Fair Value	S&P Rating	Moody's Rating	Fitch Rating	Maximum Allowed % of Portfolio	Individual Issuer Limitations	% of Pool 06/30/07
U.S. Treasury Securities	\$ 144,535	\$ 144,384	AAA	Aaa	AAA	100%	None	3.00%
U.S. Government Agencies	2,246,987	2,240,223	AAA	Aaa	AAA	75%	None	56.90%
Negotiable Certificates of Deposit	750,144	749,482	A1+	P1	F1+	30%	\$100MM	19.00%
Commercial Paper	692,120	696,004	A1+	P1	F1+	40%	10%	17.00%
Corporate Notes	9,478	9,392	AA	Aa1	AA+	10%	\$50MM	0.30%
Money Market Mutual Funds	25,000	25,000	AAA	Aaa	AAA	15%	10%	0.50%
Repurchase Agreements	100,000	100,001	A1	P1	F1+	40%	None	2.50%
Total Treasurer's Pooled Investments	\$ 3,968,264	\$ 3,964,486						
Investments Controlled by Fiscal Agents:								
Guaranteed Investment Contracts	35,917	35,917						
U.S. Treasury Securities	84,372	84,372						
U.S. Agency Discount Notes	6,603	6,603						
Total Investments Controlled by Fiscal Agents	\$ 126,892	\$ 126,892						
Total Investments	\$ 4,095,156	\$ 4,091,388						
Cash in Banks:								
Non-Interest Bearing Deposits		\$ 58,066						
Total Cash and Investments		\$ 4,149,454						

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2007 (amounts in thousands):

Statement of Net Assets	
Equity of internal pool participants	\$ 1,698,508
Equity of external pool participants:	
Voluntary	27,346
Involuntary	2,238,642
Total Net Assets held for pool participants	<u>\$ 3,964,496</u>
Statement of Changes in Net Assets	
Net Assets at July 1, 2006	\$ 3,335,214
Net change in investments by pool participants	629,282
Net Assets at June 30, 2007	<u>\$ 3,964,496</u>

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 2: CASH AND INVESTMENTS - *Continued*

As of June 30, 2007, Cash and Investments for Lake Arrowhead Fire Protection District are classified in the accompanying financial statements as follows:

	Total Governmental Activities	Total Business-type Activities	Total
Cash and cash equivalents	\$ 929,071	\$ 34,257	\$ 963,328
Total cash and cash equivalents	\$ 929,071	\$ 34,257	\$ 963,328

NOTE 3: RECEIVABLES

At June 30, 2007, the receivables were composed of the following:

	<u>Ambulance</u>
Accounts Receivable	\$ 524,473
Less: allowance for uncollectibles	<u>(380,680)</u>
Net Accounts Receivable	<u>\$ 143,793</u>

NOTE 4: DUE FROM OTHER GOVERNMENTS

The amount reported as due from other governments consists of the District's share of cash for capital replacement held in County-wide fire fund SKK as of June 30, 2007 and money owed from other fire districts.

NOTE 5: PROPOSITION 111 APPROPRIATION LIMITS

Proposition 111, which added Article XIIIB to the State Constitution, established limits on budget appropriations in order to restrict government spending. We have reviewed the proceeds of taxes received by the District during the 2006-2007 fiscal year, and have found the revenue to be within the guidelines established by Proposition 111.

County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 6: CAPITAL ASSETS

Capital asset activity for year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 577,500	\$ -	\$ -	\$ 577,500
Construction in progress	3,739,176	-	(3,739,176)	-
Total capital assets, not being depreciated	4,316,676	-	(3,739,176)	577,500
Capital assets, being depreciated:				
Land Improvements	132,836	-	-	132,836
Structures and improvements	4,290,166	3,781,724	-	8,071,890
Vehicles	1,635,386	321,892	-	1,957,278
Equipment	152,509	181,601	(56,229)	277,881
Total capital assets, being depreciated	6,210,897	4,285,217	(56,229)	10,439,885
Less accumulated depreciation for:				
Land Improvements	(70,521)	(1,999)	-	(72,520)
Structures and improvements	(1,169,986)	(156,933)	-	(1,326,919)
Vehicles	(1,304,354)	(187,480)	-	(1,491,834)
Equipment	(61,084)	(80,789)	32,294	(109,579)
Total accumulated depreciation	(2,605,945)	(427,201)	32,294	(3,000,852)
Total capital assets, being depreciated, net	3,604,952	3,858,016	(23,935)	7,439,033
Governmental activities capital assets, net	\$ 7,921,628	\$ 3,858,016	\$ (3,763,111)	\$ 8,016,533

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities				
Capital assets, being depreciated:				
Vehicles	\$ 197,264	\$ -	\$ (197,264)	\$ -
Total capital assets, being depreciated	197,264	-	(197,264)	-
Less accumulated depreciation for:				
Vehicles	(157,996)	(18,575)	176,571	-
Total accumulated depreciation	(157,996)	(18,575)	176,571	-
Business-type activities capital assets, net	\$ 39,268	\$ (18,575)	\$ (20,693)	\$ -

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 7: RETIREMENT PLAN

Plan Description

The San Bernardino County Employees' Retirement Association (SBCERA) is a cost-sharing multiple-employer defined benefit pension plan (the "Plan") operating under the California County Employees Retirement Act of 1937 ("1937 Act"). It provides retirement, death, and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, the City of Chino Hills, the California State Association of Counties, the San Bernardino County Law Library, Crest Forest Fire Protection District, Mojave Desert Air Quality Management District (MDAQMD) and the South Coast Air Quality Management District (the "AQMD"), were later included, along with the County of San Bernardino (the "County"), and are collectively referred to as the "Participating Members". The plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd floor, San Bernardino, California 92415-0014.

Fiduciary Responsibility

The Retirement Association is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. The Retirement Association publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes the Retirement Association pension trust fund as of June 30, 2007.

Funding Policy (*amounts reported in thousands*)

Participating members are required by statute (Sections 31621, 31621.2 and 31639.25 of the California Government Code) to contribute a percentage of covered salary bases on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). Members are required to contribute 8.97% - 12.84% for general members and 11.14% - 15.09% for safety members, of their annual covered salary of which the County pays approximately 7%. County of San Bernardino employer contribution rates are as follow: County General 12.03%, County Safety 24.84%. All employers combined are required to contribute 14.46% of the current year covered payroll. For 2007, the County's annual pension cost of \$194,130 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Sections 31453 of the 1937 Act.

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 7: RETIREMENT PLAN - *Continued*

The County's annual pension cost and prepaid asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2007, were as follows:

Annual Required Contribution (County fiscal year basis)	\$ 194,130
Interest On Pension Assets	(33,738)
Adjustment To The Annual Required Contribution	44,069
Annual Pension Cost	<u>204,461</u>
Annual Contributions Made	<u>194,130</u>
Increase/(Decrease) in Pension Assets	(10,331)
Pension Asset, Beginning of Year	838,933
Pension Asset, End of Year	<u><u>\$ 828,602</u></u>

The following table shows the County's required contributions and percentage contributed, for the current year and two preceding years:

Year Ended June 30,	Annual Contributions Made		Percentage Contributed
	SBCERA	County	
2005	161,906	141,450	100%
2006	197,343	166,614	100%
2007	239,857	194,130	100%

The County, along with the AQMD, issued Pension Refunding Bonds (the "Bonds") in November 1995 with an aggregate amount of \$420,527. These Bonds were issued to allow the County and the AQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was \$386,266. The current amount outstanding at June 30, 2007 is \$438,668.

On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in a respective aggregate principal amounts of \$189,070, \$149,825, and \$125,000. The Bonds were issued to finance the County's share of the unfunded accrued actuarial liability of the SBCERA. The current amount outstanding at June 30, 2007 is \$459,930.

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 7: RETIREMENT PLAN - *Continued*

On April 16, 2008, the County issued its County of San Bernardino Pension Obligation Refunding Bonds, Series 2008, in the amount of \$160,900 to refund a portion of the County of San Bernardino 1995 Pension Obligation Refunding Bonds, refund a portion of the County of San Bernardino Pension Obligation Bonds, Series 2004 A and refund all of the County of San Bernardino Pension Obligation Bonds, Series 2004 B.

NOTE 8: SELF INSURANCE

The District is insured through the County's self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, and workers' compensation claims. Public liability claims are self-insured for up to \$1 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$25 million is provided through a Risk Pool Agreement with California State Association of Counties (CSAC) Excess Insurance Authority (EIA) Liability Program II. Workers' compensation claims are self-insured up to \$2 million per occurrence, and covered by CSAC EIA for up to \$10 million for employer's liability, and up to \$50 million for workers' compensation per occurrence.

Property damage claims are insured on an occurrence basis over a \$25,000 deductible, and insured with CSAC EIA Property Program.

The County supplements its self-insurance for medical malpractice claims with CSAC EIA, which provides annual coverage on a claim made form basis with a SIR of \$1 million for each claim. Maximum coverage under the policy is \$11.5 million per claim with an additional \$10 million in limits provided by the CSAC EIA General Liability II Program. All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, also with CSAC EIA with a \$100,000 deductible, and excess limits up to \$10 million per occurrence.

The activities related to such programs are accounted for in the County's Risk Management Fund (an Internal Service Fund) except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The IBNR and IBNS liabilities stated on the Risk Management Fund's balance sheet are based upon the results of actuarial studies, and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 4.25%. It is the County's practice to obtain actuarial studies at least biennially.

The County has a risk management investment program agreement with the Bank of New York to finance the self-insured general liability, automobile liability, workers' compensation, and medical malpractice programs. The County's investment in the agreements totaled \$45.7 million at June 30, 2007.

**County of San Bernardino
Lake Arrowhead Fire Protection
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007**

NOTE 8: SELF INSURANCE - *Continued*

The claims liability of \$101.7 million reported at June 30, 2007 is based on the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. Changes in the claims liability amount in fiscal years 2006 and 2007 were:

Fiscal Year	Beginning of Fiscal Year Liability (in thousands)	Current-Year Claims and Changes in Estimates (in thousands)	Claims Payments (in thousands)	Balance at Fiscal Year-End (in thousands)
2005-06	\$ 95,288	\$ 30,685	(\$ 32,171)	\$ 93,802
2006-07	\$ 93,802	\$ 45,128	(\$ 37,221)	\$ 101,709

NOTE 9: RESTATEMENT OF NET ASSETS

The beginning fund balance and net asset balance have been restated to include the District's share of cash for capital replacement held in County-wide fire fund SKK as of the beginning of the fiscal year.

Restatements to the Fund Financial Statements:

	Special Revenue Fire Protection
Beginning fund balance, as previously reported	\$ 903,884
District's share of capital replacement fund SKK as of 6/30/06	1,680,916
Beginning fund balance, as restated	<u>\$2,584,800</u>

Restatements to the Government Wide Financial Statements:

	Governmental Activities
Beginning net assets, as previously reported	\$ 8,832,695
District's share of capital replacement fund SKK as of 6/30/06	1,680,916
Beginning net assets, as restated	<u>\$10,513,611</u>

County of San Bernardino
Lake Arrowhead Fire Protection District
Budgetary Comparison Schedule – Special Revenue Fund (Fire)
June 30, 2007

SPECIAL REVENUE FUND				
Fire (SRM)				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 6,313,541	\$ 6,313,541	\$ 6,130,009	\$ (183,532)
Other taxes	-	-	537,140	537,140
State aid - homeowners exemption	-	-	86,546	86,546
Investment earnings	3,000	3,000	59,594	56,594
Service fees	346,042	346,042	285,709	(60,333)
Total Revenues	<u>6,662,583</u>	<u>6,662,583</u>	<u>7,098,998</u>	<u>436,415</u>
Expenditures				
Salaries and benefits	276,159	276,159	315,874	(39,715)
Services and supplies	931,427	931,427	1,040,680	(109,253)
Professional Services	6,224,368	6,224,368	5,915,794	308,574
Other	-	-	3,614	(3,614)
Capital outlay:				
Equipment/Vehicles	289,000	289,000	264,142	24,858
Structures and improvements	105,000	105,000	-	105,000
Reserves and contingencies	241,672	241,672	-	241,672
Total Expenditures	<u>8,067,626</u>	<u>8,067,626</u>	<u>7,540,104</u>	<u>527,522</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,405,043)</u>	<u>(1,405,043)</u>	<u>(441,106)</u>	<u>(963,937)</u>
OTHER FINANCING SOURCES (USES)				
Gain on sale of capital asset	-	-	450	(450)
Transfers in	677,000	677,000	432,000	245,000
Transfers out	(75,000)	(75,000)	-	(75,000)
Total Other Financing Sources (Uses)	<u>602,000</u>	<u>602,000</u>	<u>432,450</u>	<u>169,550</u>
Net Change in Fund Balance	<u>\$ (803,043)</u>	<u>\$ (803,043)</u>	<u>(8,656)</u>	<u>\$ (794,387)</u>
Fund Balance - beginning			<u>2,584,800</u>	
Fund Balance - ending			<u>\$ 2,576,144</u>	

**County of San Bernardino
Lake Arrowhead Fire Protection District
Combining Balance sheet
Nonmajor Governmental Funds
June 30, 2007**

	CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds (see pg 5)
	Station # 9 (CCC)	Fire Cap Project (CGA)	Fire Heat & A/C (CPB)	
ASSETS				
Cash and cash equivalents	\$ 3,919	\$ 17,499	\$ 518	\$ 21,936
Interest receivable	-	190		190
Total Assets	<u>3,919</u>	<u>17,689</u>	<u>518</u>	<u>22,126</u>
LIABILITIES AND FUND BALANCES				
Liabilities:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:				
Unreserved:				
Undesignated	<u>3,919</u>	<u>17,689</u>	<u>518</u>	<u>22,126</u>
Total fund balances	<u>3,919</u>	<u>17,689</u>	<u>518</u>	<u>22,126</u>
Total liabilities and fund balances	<u><u>\$ 3,919</u></u>	<u><u>\$ 17,689</u></u>	<u><u>\$ 518</u></u>	<u><u>\$ 22,126</u></u>

**County of San Bernardino
Lake Arrowhead Fire Protection District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2007**

	CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds (see pg 6)
	Station # 9 (CCC)	Fire Cap Project (CGA)	Fire Heat & A/C (CPB)	
Revenues				
Property taxes	\$ -	\$ 6,366	\$ -	\$ 6,366
Investment earnings	216	678	26	920
Total Revenues	216	7,044	26	7,286
Expenditures:	\$ -	\$ -	\$ -	\$ -
Total Expenditures	-	-	-	-
Net Change in Fund Balance	216	7,044	26	7,286
Fund Balance - beginning	3,703	10,645	492	14,840
Fund Balance - ending	<u>\$ 3,919</u>	<u>\$ 17,689</u>	<u>\$ 518</u>	<u>\$ 22,126</u>